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ARTICLES:

- (1) Prime Minister Abe to set up a strategic council to counter the falling birthrate

In dealing with the declining birthrate, one of the key issues, Prime Minister Shinzo Abe has decided to establish a panel to come up with comprehensive measures, including ones that would help revive regional communities and families, and review ways that people work. The panel, to be called "Strategic Council to Study Measures to Support Children and Families," will hold its first meeting in early February and compile a set of basic proposals in mid-June. The set of proposals will be included in the government's "big-boned reform policy guidelines for 2007." With an eye on tax system reform debate, including a consumption tax hike, which will begin after the House of Councilor election, Abe also plans to formulate a "priority strategy."

With the decline in the birthrate continuing, and the population of juveniles expected to drastically drop from 2030, the government has no choice but to create effective measures to counter the trend. For this reason, Abe in his policy speech on Jan. 26 stated: "Children are national treasures. We must make Japan a country in which people can give birth and bring up children without anxiety. I will set out a full-scale strategy to reverse the declining birthrate."

Abe has already instructed Chief Cabinet Secretary Yasuhisa Shiozaki to look into the issue on a full scale. He intends to shift from traditional measures to counter the declining birthrate that mainly place emphasis on such economic assistance measures as child allowances and child support. Attaching importance to need for a balance between work and life, he plans to come up with measures, including revenue sources, in order to create a system under which the entire spectrum of society would support families raising

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children.

The council will be made up of Shiozaki as chair, relevant cabinet ministers, experts and representatives from the labor and management organizations. Under the council, four sub-committees will be set up: 1) basic strategy; 2) reform of the way people work; 3) revitalization of regional communities and families; and 4) examination and evaluation. The four panels will discuss specific solutions.

The basic strategy sub-panel will look into measures for economic assistance, including revenue sources, such as income compensation during childcare maternity. The sub-panel on reform of way people work will propose creating work environment under which people can work while raising children.

The sub-panel on revitalization of regional communities and families will look for measures for communities to support children in difficulty such as being children of single-parents. The sub-panel on examination and evaluation will reexamine and review the measures set out by the government and local municipalities.

The new measures to counter the falling birthrate the government compiled last year included 40 countermeasures such as adding infants to the category of child allowances. There are no financial resources allocated, however. Child allowances for infants for new fiscal year will be covered by surpluses from the special funds for emergency employment measures as a makeshift effort. Some criticized the Abe government for failing to draw up a grand design for the society that should be aimed at.

In order to a comprehensive strategy, which includes how labor law should be revised and how the way people work should be changed, the new council to be established will come up with measures that the whole government will be engaged in carrying out. The cabinet will adopt big-boned reform policy guidelines that will include measures to improve the environment for child rearing.

Members of Strategic Council to be set up

Cabinet ministers

Chief cabinet secretary (chairman)
Mister in charge of declining birthrate
Minister in charge of economic and fiscal policy
Internal affairs and communications minister
Finance minister
Education minister
Health, labor and welfare minister
Economy, trade and industry minister
Land, infrastructure and transport minister

Experts

Hiroshi Yoshikawa, profess of graduate school at University of Tokyo, who will head sub-panel on basic strategy
Yoshio Higuchi, professor at Keio University, who will head sub-panel on reform of ways people work
Katsuyoshi Iwabuchi, professor at Tohoku Fukushi University, who will head sub-panel on revitalization of regional communities and families
Hiroki Sato, professor at University of Tokyo, who will head sub-panel on examination and evaluation.

Representatives from labor and management sectors

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Morio Ikeda, Japan Business Federation's Committee on Falling Birthrate
Nobuaki Koga, chief of secretariat of Japan Trade Unions Confederation

Representative of local communities

Keiko Kiyohara, mayor of the city of Mitaka, Tokyo

(2) Prime minister reprimands health minister for his inappropriate remarks referring to women as "child-bearing machines"

TOKYO SHIMBUN (Page 2) (Full)
Eve., January 29, 2007

Prime Minister Shinzo Abe this morning gave a strong warning to Health Minister Hakuo Yanagisawa, who in a recent speech had referred to women as "child-bearing machines or devices," telling him: "You must be careful enough not to make a similar inappropriate remark in the future." This was revealed by Chief Cabinet Secretary Yasuhisa Shiozaki during a press briefing earlier in the day.

According to Shiozaki, Yanagisawa telephoned Abe and Shiozaki this morning and explained why he had made such remarks and apologized to them.

At the press briefing, Shiozaki brushed aside the possibility of Yanagisawa being driven to step down from his post for his inappropriate remarks, saying to reporters: "I think his remarks were inappropriate, but he was quick to correct them. It is important for Mr. Yanagisawa to work as a key member of the Council on Strategic Approaches to Deal with the Falling Birthrate to produce results."

Prior to that, Yanagisawa this morning stressed to reporters in Tokyo that he had already retracted his remarks, saying: "I'd like to explain my true intentions through Diet deliberations."

On the other hand, like-minded female lawmakers of three opposition parties -- the Democratic Party of Japan (Minshuto or DPJ), the Japanese Communist Party, and the Social Democratic Party -- this morning decided to call on Yanagisawa to resign as health minister. Minshuto Diet Policy Committee Chairman Yoshiaki Takagi at a press conference indicated that he would harshly pursue him at the Lower House Budget Committee and other committees, by noting: "This person is also a member of the Abe cabinet. The remarks he made were disgraceful, indeed."

(3) Government to conclude 80% of procurement contracts under competitive bidding system

NIHON KEIZAI (Page 1) (Full)
January 27, 2007

The government decided yesterday to shift about 60% of its non-competitive contracts (zuii-keiyaku) to be concluded by government agencies for purchasing goods or ordering public works projects to a competitive contract formula, such as the open competitive bidding system. Such contracts amount to approximately 2.1 trillion yen. The transfer process will start this fiscal year and be completed within FY2007. Of all the contracts to be concluded by the government, about 80% will be concluded based on a competitive bidding formula. Reflecting on the recent series of bid-rigging cases at the initiative of government offices, it is

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imperative to reduce the government's procurement costs. In addition, it is also necessary to make the contents of contracts more transparent by thoroughly disclosing information on government contracts.

With the aim of preventing complicated procedures, many government agencies have placed orders with the same entities year after year in renting copying machines or entrusting research to private firms, instead of using a competitive bidding formula. Many anticipate that the planned introduction of competitive bidding formulas would reduce government agencies' purchase costs by about 10%.

The value of contracts based on non-competitive formulas in FY2005 totaled approximately 3.4 trillion yen. The government has judged it possible to adopt competitive contracts for about 1.4 trillion yen worth of contracts with government-affiliated organizations and for about 700 billion yen worth of contracts with private firms. The remaining contracts worth of approximately 1.3 trillion yen are for defense equipment and other products whose supply sources are limited, so the current non-competitive contract system for such is likely to be continued.

As for 7.3 trillion yen worth of contracts for goods procured by the government in FY2005, an estimated 6 trillion yen worth of contracts will be shifted to a competitive formula, with 3.4 trillion yen worth of those set for competitive bidding and about 500 billion yen worth of those set for non-competitive contracts.

The government intends to put the contents of all contracts each government agency concluded on their websites. If government agencies opt for non-competitive contracts, they will have to list the reasons.

(4) Sending civilian policemen to East Timor: MOF positive toward dispatch, while NPA remains negative; Took five months in deciding to dispatch two personnel

MAINICHI (Page 2) (Full)
January 28, 2007

Two civilian policemen to be dispatched to the United Nations Integrated Mission in Timor (UNMIT), which is in charge of maintaining security in East Timor, will leave Japan on Jan. 31. However, there is a gap in the views of government officials on the matter with the Foreign Ministry (MOF) hoping to accumulating track record of the dispatch of personnel to UN peace-keeping operations (PKO) with the aim of gaining a permanent seat at the UN Security Council (UNSC), and the National Police Agency (NPA) cautious about dispatching its personnel with its personnel dispatched to Cambodia in the past killed. Prospects for the dispatch of civilian policemen abroad after a hiatus of eight years contributing to expanded personnel contribution are not favorable.

This will be the third dispatch of NPA personnel, following the dispatch of one personnel to Cambodia from 1992 through 1993 and two personnel to East Timor in 1999. In Cambodia, an Okayama Police superintendent was killed by an armed force. Three policemen were dispatched to East Timor to assist its direct local referendum. However, security there sharply deteriorated soon after the referendum. There has been no dispatch of policemen for eight years since then.

A senior NPA official said, "People might say that we have Cambodian

trauma, but if personnel dispatched to abroad get killed, the administration will be overturned."

It took about five months for the NPA to decide to send its personnel this time since the UNSC adopted a resolution to set up the UNMIT last August. Some criticized the NPA's decision to dispatch only two personnel with former UN Undersecretary General Yasushi Akashi saying, "The NPA is far too cautious. Japan's policy of attaching importance to the UN is not backed by action."

NPA Director General Iwao Uruma said, "It is difficult to dispatch a large number of policemen because there is no system of law allowing the NPA to get involved in the dispatch, such as it can directly train personnel to be dispatched." If that is the case, it will be through the dispatch of Self-Defense personnel for Japan to accumulate a track record of dispatching personnel to carry out PKO."

(5) Weak yen increasingly drawing international criticism: Likely to become focus of G-7; BOJ might use criticism as excuse for raising interest rate

YOMIURI (Page 9) (Full)
January 27, 2007

Criticism of the weak yen is increasingly becoming strong, mainly in Europe. Behind the trend is a sense of alarm that the weak-yen-and-strong-euro trend could put a dent in European countries' international competitiveness. Many have cited Japan's ultra-low interest rate as a cause of the weak-yen trend. The National Consumer Price Index (CPI) for December, released by the Internal Affairs Ministry on Jan. 26, rose 0.1% on a year-on-year basis. The rate of the increase fell by 0.2% from the previous month with prospects for an interest hike becoming further dim. There has now appeared a possibility of the weak yen and the ultra-low interest rate, which is viewed as the cause the weak yen, being made the target of criticism at a meeting of finance ministers and central bank governors from the Group of Seven nations (G-7) to take place in Germany from Feb. 9 through 10.

The yen's downward trend at the Tokyo foreign exchange market has kicked in with the Bank of Japan (BOJ) giving up the idea of hiking the interest rate on Jan. 18. On Jan. 26, the value of the yen fell to the middle of 121 to the dollar and the lower half of 157 to the euro.

Following the recent weakening-yen trend, one senior German official on Jan. 24 checked Japan, "The weak yen issue might be brought up at the upcoming G-7 meeting." Finance Vice Minister for International Financial Affairs Hiroshi Watanabe on the evening of Jan. 25 counter-argued, "It is not our understanding that the G-7 will take up concern about the weak yen." However, the observation is widespread among market players that some discussions on the possibility of correcting the weak yen trend might be pursued at the G-7. The market has started showing a sensitive movement, such as violent fluctuations of the yen exchange in response to statements by key officials.

On the other hand, there is an aspect of the sudden weakening of the yen working as a positive factor for the BOJ, which wants to raise the interest rate in February.

The greatest factor that would allow the BOJ to raise interest rates

would be an increase in consumer prices. However, the rate of an increase in the CPI for December remained at 0.1%, which is lower than the November rate. The temporary lull in the rise of crude oil prices and a fall in the prices of digital consumer electronics as a whole are viewed as major causes of the sluggish increase in consumer prices. Personal consumption as a whole lacks vigor. The prevailing view on the market is that given the price and

consumption movements, it would be difficult for the BOJ to insist on the legitimacy of an interest rate hike.

Amid the BOJ unable to find data to justify an interest rate hike with the CPI staying flat contrary to its wishes, it has begun showing a move to check the government and the ruling parties, which are cautious about the idea of hiking the interest rate, taking the advantage of international criticism of the lowering yen. Vice BOJ Governor Toshiro Muto on the 25th called on a certain senior LDP official and asked for understanding toward the rising criticism of the weak yen. Some take this visit as a strategic move toward an early hike in the interest rate.

Chief Cabinet Secretary Shiozaki during a press conference on the 26th noted, "It is only natural for the BOJ to determine its financial policy with the yen exchange in mind." He thus indicated a certain level of understanding toward the BOJ, which has begun stressing the causes of the weak yen.

The movements of the yen exchange will determine the fate of the upcoming G-7 meeting. It also will likely have impact on the BOJ, which has started making efforts to persuade the government and the ruling parties for an early interest rate hike.

(6) Facts about SDF mission in Iraq (Section 1); Thinking of SDF as Japan's new garrison-SDF in transformation (Part 7): Limits to GSDF's own resources-Private contractors needed for GSDF's overseas activities

TOKYO (Page 1) (Full)
January 16, 2007

A uniformed member of the Ground Self-Defense Force was standing still in a daze. He was wearing a wheel badge for the GSDF's transport service.

On Feb. 4, 2005, that GSDF member was waiting for a civilian plane at the Air Self-Defense Force's Komatsu Air Base in Ishikawa Prefecture. The civilian plane, chartered by the GSDF, was to be bound for Kuwait with weaponry and ammunition onboard for GSDF troops to be dispatched to Iraq in rotation. However, the charter plane, which was to have arrived there on the previous day, did not show up.

The GSDF's 5th Iraq Reconstruction Assistance Group-mainly composed of GSDF troops based at a GSDF garrison in the city of Nagoya-was to fly its component troops from the ASDF's Komaki Air Base in the city of Komaki, Aichi Prefecture, and was to airlift its supplies from Kansai International Airport.

Shortly before the departure date, the airport refused the GSDF's charter flight. A South African civilian charter plane was to airlift weaponry and materiel supplies from Komatsu Air Base. However, the charter plane did not come in the end.

On Feb. 18 that year, those weapons and ammo supplies were loaded

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onto another charter plane at Nagoya Airport, which is under the Aichi prefectural government's management. It was the Antonov, a superheavy-lift cargo carrier of Russian make. The GSDF's airlift plan was 15 days behind schedule.

"At that time, my stomach was aching," said Col. Yuichi Kajiya, 44, who headed a transport squad in the GSDF Ground Staff Office. The squad, which was in charge of airlifts from Japan to Iraq, forwarded 200 vehicles and 400 containers, or a total of 450,000 items.

GSDF troops were flown mainly on civilian charter planes. "We put everything out to tender," Col. Kajiya said. According to him, travel agents and shipping companies bid for contracts with their respective proposals of rates for transportation in Japan, bus transportation after their arrival in Kuwait, and charter planes. No Japanese agents participated in overland shipping from Kuwait to Iraq. Col. Kajiya therefore looked for a local company and contracted that company.

The Antonov was the only plane that could airlift a huge amount of cargo for GSDF troops at a time. Only two airliners had that plane. One was in the possession of a British company, and the other in Ukraine. Charter rates shot up with the worldwide release date of Beaujolais Nouveau approaching.

Commercial transportation was not as stable as the ASDF's. In addition, the GSDF contracted a trading company to build its temporary camp in the southern Iraqi city of Samawah. However, its work of setting up the camp there fell substantially behind schedule, and its prefabricated housing completed there was bent. "We thought it was a business chance." So saying, an executive of the trading company explained that the company gave first consideration to profitability as the primary reason for its contract.

Even so, one of the lessons the GSDF has learned from its Iraq mission was to better use private contractors.

GSDF Maj. Gen. Goro Matsumura, 48, who is in charge of troop mobilization as director of the 2nd Operations Division in the Joint Staff Office (JSO) of the Ground, Maritime, and Air Self-Defense Forces, explained: "Wars after the Cold War can be divided into combat areas and comparatively safe areas where civilians can get in like in Iraq. Foreign countries have been cutting back on their military spending, so their armed forces have now found it difficult to be self-contained."

US forces are positive about utilizing private contractors. For instance, the US military has been hiring a Kuwaiti company for overland shipping to Baghdad. This company, well paid in its contract with the US military, replaced its trucks with new ones that are less troubled than old ones. The GSDF also contracted the same company, and its overland transportation became stable.

In June 2006, when the GSDF began preparing its pullout from Iraq, one of its light armored vehicles overturned in a southern locality of Iraq. Three GSDF members were injured in that accident, and they were taken to a US military hospital in Germany.

The JSO considered airlifting the three to Japan on an ASDF C-130 transport. However, the C-130 would take four days because it is a propeller plane. According to Maj. Gen. Matsumura, the GSDF found a Japanese agent for medical airlift services using jet aircraft. "We

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didn't use it," he said. "But," he added, "the private sector's systems are more advanced than ours." According to Col. Kajiya, the GSDF's transportation staff is less than 100. "We have limits to what we can do, so we cannot do everything ourselves, and we need help from outside" Col. Kajiya said.

The GSDF will now need to work together with its civilian contractors in its overseas activities.

(This is the last of a seven-part series written by Shigeru Handa, Local News Section, Tokyo Shimbun.)

(7) Commentary: Bush's Iraq war

TOKYO SHIMBUN (Page 1) (Full)
January 29, 2007

"Human beings are quite opportunists, and whenever they want to do something, they find excuses or reasons for such acts." This is one paragraph in the autobiography of Benjamin Franklin, an American politician who edited the Declaration of Independence. It would be better to add the words "especially politicians" to the paragraph.

In the United States, President Bush and the Congress have clashed head-on over the president's plan to deploy more troops in Iraq. In Iraq, the war has cost many lives of American troops and Iraqis. It is apparent that the preventive war waged by President Bush to fight terrorism is the main cause for the current stalemated security situation there.

This kind of notion (preventive war) had not existed before the Iraq war was launched. Arthur Schlesinger, Jr., an expert on American history, in his book Presidents at War argues that although the US was about to opt for "a revolutionary change," there was no nationwide debate.

Preventive war is intended to cope with a potential future threat, so thoroughly analyzing intelligence is absolutely necessary. As seen from the outcome of the Iraq war, however, it is impossible for a nation to perfectly analyze intelligence before it goes to war.

Will the Iraq war be the last preventive war? Behind the president's plan to send more troops to Iraq seems to be his desire that the Iraq war be seen by history as a successful one. This is an attempt to justify preemptive war, and Iraq may not be the last one.

The US government has protested Defense Minister Fumio Kyuma's remarks last week criticizing President Bush's decision to launch the war in Iraq. The Japanese government, concerned about a lack of unity in the cabinet over the US Iraq policy, is stepping up efforts to put the matter to the rest. But the government should also discuss what response it should take to war. If Japan remains silent, it will be disqualified from offering its opinion on America's preventive wars.

DONOVAN